

Message Text

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PAGE 01 STATE 279836

45

ORIGIN EB-07

INFO OCT-01 ARA-10 EUR-12 IO-10 ISO-00 FEA-01 AGR-10

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-02 RSC-01 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

SP-02 OMB-01 SWF-01 AF-10 EA-10 NEA-10 /158 R

DRAFTED BY EB/OT/GCP:ELWILLIAMS:JV

APPROVED BY EB/OT/GCP:DDUNFORD

ARA/BR:JSLATTERY

STR:AGARLAND

USDA/FAS:KREYNOLDS

COMMERCE:BMARSH

TREASURY:JJOHNSON

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P R 212007Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS STATE 279836

E.O. 11652: N/A

TAGS: ETRD, GATT, BR

SUBJECT: BRAZILIAN IMPORT RESTRICTIONS

REF: (A) BRASILIA 4685, (B) BRASILIA 8859, (C) RIO A-151,
(D) RIO 4532, (E) BRASILIA 9036, (F) GENEVA 7528

1. WE ARE INCREASINGLY CONCERNED OVER SERIES OF
RESTRICTIVE IMPORT MEASURES IMPOSED BY BRAZIL IN RECENT
MONTHS (REFS A THROUGH D) AND ANTICIPATE RAISING ISSUE
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PAGE 02 STATE 279836

WITH GOB AND IN GATT ONCE WE HAVE CLEARER PICTURE OF

NATURE AND EXTENT OF THESE MEASURES. IN GENERAL, BRAZILIAN ACTIONS APPEAR INCONSISTENT WITH THE SPIRIT OF INTERNATIONAL COMMITMENTS UNDERTAKEN IN THE GATT AND IMF TO AVOID UNILATERAL RESORT TO TRADE RESTRICTIONS FOR BALANCE OF PAYMENTS PURPOSES; SOME OF THEM MAY VIOLATE SPECIFIC GATT PROVISIONS AND BOUND TARIFF RATES.

2. FOR EXAMPLE, RECENTLY ADOPTED MEASURES REGULATING PUBLIC SECTOR IMPORTS (REFS B AND C) APPEAR TO CONTRAVENE BRAZILIAN OBLIGATIONS UNDER GATT ARTICLE XVII (1), SUBPARAGRAPHS B AND C, WHICH STATE INTER ALIA THAT GOVERNMENT ENTERPRISES SHOULD "ACT SOLELY IN ACCORDANCE WITH COMMERCIAL CONSIDERATIONS" IN ITS PURCHASES INVOLVING IMPORTS. FURTHER, ACCORDING TO REPORTS FROM EMBASSY IN JUNE (REFTEL A) NEW IMPORT RESTRICTIONS/DUTY

INCREASES MAY AFFECT FRESH FOODS INCLUDING APPLES AND PEARS. IF SO (AND THIS IS STILL UNCLEAR TO US AT THIS STAGE) THIS WOULD CONSTITUTE IMPAIRMENT OF BOUND CONCESSIONS. AS EMBASSY IS AWARE, APPLES AND PEARS PRESENTLY BOUND AT 37 PERCENT RATE, WHICH IS SCHEDULED TO BE REDUCED TO 32 PERCENT ONCE BRAZIL CONCLUDES ALL GATT ARTICLE XXVIII RENEGOTIATIONS.

3. ACTION: TO ASSIST US IN DEVELOPING APPROPRIATE COURSE OF ACTION RE BRAZILIAN MEASURES, EMBASSY SHOULD TRANSMIT TO WASHINGTON AND GENEVA ON PRIORITY BASIS LIST OF PRODUCTS SUBJECT TO NEW RESTRICTIONS AND/OR DUTY INCREASES. TO EXTENT POSSIBLE EMBASSY SHOULD ALSO (A) REPORT IF ANY GATT-BOUND ITEMS ARE AFFECTED, (B) ASCERTAIN WHETHER EXEMPTION OF LAFTA ITEMS APPLIES TO IMPORTS FROM NON-LAFTA COUNTRIES, AND (C) DETERMINE WHAT TIME LIMIT, IF ANY, GOB HAS PLACED ON DURATION OF THESE MEASURES. FINALLY, WE WOULD APPRECIATE INDICATION FROM EMBASSY OF RELATIONSHIP BETWEEN MEASURES REPORTED BRAZILIA 4685 DATED JUNE 26 AND THOSE MENTIONED IN RIO 4532 OF DECEMBER 9; ARE MEASURES REPORTED IN DECEMBER SAME AS OR IN ADDITION TO THOSE REPORTED IN JUNE?

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PAGE 03 STATE 279836

4. REFS (A) THROUGH (E) BEING REPEATED TO GENEVA. FUTURE CABLES RE THIS SUBJECT SHOULD ALSO INCLUDE GENEVA AS INFO ADDRESSEE. SISCO

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